

## **Grand Jury Closing Statement to City Council**

**CITY OF SUSANVILLE  
UTILITIES  
GRAND JURY CLOSING STATEMENT**

**Response Required:** Susanville City Council

The City of Susanville is now the operator of two large utility systems, natural gas and water system. In the process of installing and operating the natural gas and the purchase and upgrading of the water system, the City of Susanville has incurred bonded indebtedness in the range of \$24,250,000 for the natural gas system and \$6,250,000 for the water system.

Each service is essential to the welfare of the citizens of Susanville and the fees to be charged must be reasonable and fair.

To be sure that they are operating on a self supporting basis so as not to impact the General fund or any other fund in the City's control the City Council must be totally aware at all times of the operational and financial state of the gas and water systems. This will be no small task and will require constant attention by the City Council and City staff.

In addition, the City took on the task of remodeling City Hall and incurred a bonded indebtedness of \$1,500,000 in order to finance this project.

In retrospect, it appears that the City Council and City Administrator undertook too many large projects in too short a period of time. Two problems resulted, a cost overrun on the natural gas project of \$1,500,000 and the 2<sup>nd</sup> the large overrun on the remodeling of the City Hall.

The result of all of these construction projects were:

**Natural Gas:**

An alternative fuel source for the community available to citizens and businesses that desire to have it. This included a fully functional system overseen by a qualified service crew.

**Water System:**

An improved water storage system with the new Spring Ridge storage tank and the new one million gallon Cady Springs storage tank. Many complaints about water pressure in the north area of Susanville must be addressed.

**City Hall Remodeling:**

The remodeling of City Hall was difficult because of the age of the building and the need to add additional space. Information obtained indicates that the original plans for the remodeling were not as complete as they should have been and other problems resulted in large cost overruns.

As a result of the remodeling project citizens now have a modern City Hall and office space for employees.

**Recommendations:** The 2003/04 Grand Jury recommends that Public Works Dept. investigate the water pressure problem and follow up with a solution.

While these projects are assets on the City balance sheet the projects also resulted in large debts to be repaid and have created serious cash flow problems for general City operations.

The City Council must demand that timely and accurate financial information be available to them at all times. The Grand Jury suggests that the citizens of Susanville remain vigilant about the operations of their City government.

**Additional Information:** Members of 2003/04 Grand Jury had a last minute opportunity to meet with Finance Director and new the City Administrator. Both men appear to be quite capable in meeting the serious problems facing the City of Susanville.